



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 16, 2008

TO: Mayor and Councilmembers

FROM: Environmental Services Division, Finance Department

SUBJECT: Conversion Technology Project – Reimbursement For Upcoming Costs

RECOMMENDATION:

That Council approve the reimbursement to the County of Santa Barbara for the City's share of costs, estimated at \$114,000 from the Solid Waste Fund, for technical studies and legal assistance required for the preparation of a request for proposals (RFP) from Conversion Technology vendors.

DISCUSSION:

Nearly two years ago, the City and County of Santa Barbara directed their respective solid waste staff to work jointly on a project to evaluate the feasibility of siting a conversion technology (CT) facility that would convert both jurisdictions' residual solid waste into energy and/or a usable fuel. This would have the primary benefit of diverting material from the County-owned and -operated Tajiguas Landfill, thereby extending its useful life.

With the approval of the City Council and County Board of Supervisors, City and County staff hired a consultant, Alternative Resources, Incorporated (ARI) to assist in the completion of a CT Feasibility Study (Study), developing a list of qualified vendors, and preparing an RFP.

The results of the Study prepared by ARI were presented to the City Council and County Board of Supervisors in May 2008. The Study identified eight vendors that deemed capable of meeting the minimum project requirements developed by the City and County. The project requirements contain specific goals and evaluation criteria initially developed by the Multi-Jurisdictional Solid Waste Task Group, and recently refined and approved by the City Council and County Board of Supervisors.

In addition to completing the feasibility study and identifying qualified CT vendors, staff has been engaged in an extensive outreach effort that has included presentations to a number of business, regulatory, and environmental organizations and groups. Additional outreach will continue to be an integral component of this project, in particular as we move into the vendor evaluation and selection phase.

The main focus now is the preparation of an RFP, which will require the completion of two technical studies and the hiring of outside legal counsel.

Technical Studies

The first technical study needed for the RFP is a waste characterization study, which will determine the composition of the waste stream currently being disposed at the Tajiguas Landfill. This waste stream would become the feedstock for whatever CT facility is implemented and, therefore, its composition and energy potential must be provided to the eight CT vendors that will be provided an RFP. This information will allow the respondents to calculate the anticipated energy output and potential revenues derived from the sale of recoverable materials and the energy itself.

The City of Santa Barbara will be “piggy-backing” on this waste characterization study contract to include City-specific waste characterization studies by sector. The last waste characterization study for the City was completed in 2003. While the City’s portion of the study will be more detailed and more expensive than the base study needed for the RFP, it will provide important information to City Environmental Services Division to tailor the City’s existing and planned recycling programs. In addition, by including City-specific data parameters in the County contract, we will realize savings in comparison to the cost of a study done separately and solely for the City.

The second study required for the RFP is a geo-technical analysis of the 6-acre site at Tajiguas upon which the CT facility is expected to be built. The study will look at seismic issues and determine the site’s suitability for such a facility.

These two technical studies are currently being scoped out and are expected to be completed by January of 2009. The results of these studies will be incorporated into the RFP.

Legal Assistance

In addition to the technical studies discussed above, outside legal counsel will be hired to assist the project team in developing key terms and conditions that will not only be included in the RFP but also will be incorporated into the contract with the selected vendor. Although legal staff from participating jurisdictions will play a significant role in this project, outside legal counsel with expertise in solid waste contracts and waste-to-energy facilities will be essential to ensure that a strong RFP and final contract are prepared.

Cost Sharing Arrangement

The costs associated with the two technical studies relating to the CT Project are estimated at \$65,000. Costs for outside legal counsel are estimated at \$75,000. Thus, total costs for professional services are estimated at \$140,000.

The costs will be shared by participating agencies under an agreed-upon formula using volume of waste stream disposed at Tajiguas. Since the City's waste stream at Tajiguas represents 43% of the total, the City's share of the costs is expected to be approximately \$60,000. The County of Santa Barbara and the Cities of Goleta, Buellton and Solvang each will share in the \$80,000 balance of costs in proportion to their respective waste volume disposed of at Tajiguas.

The additional work on the waste characterization study to generate City-specific data is estimated at \$54,000. These costs will be borne entirely by the City.

BUDGET/FINANCIAL INFORMATION:

The City's share of costs in connection with the preparation of an RFP totals \$60,000. The additional costs for the City-specific waste characterization study are estimated at \$54,000. It is possible that these costs, totaling \$114,000, could be funded from a combination of existing appropriations for CT and cost savings in other accounts in the Solid Waste Fund. However, if these appropriations and savings are insufficient to cover all the costs, staff will bring this item back to the City Council with the final costs and a recommendation to increase appropriations for any shortfall in funding.

SUSTAINABILITY IMPACTS:

At this point, the project is limited to efforts associated with the preparation of an RFP. However, if the project moves forward, the end result will not only include a significant reduction in the volume of MSW going to the Tajiguas Landfill, but it will also result in the ongoing production of alternative energy created from processing the City's residual solid waste material through a CT facility.

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APPROVED BY: City Administrator's Office